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Pitfalls of Participatory Development

by

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1. Introduction

As a response to critiques of top-down development, most bilateral donors and big international organizations have started to lay stress on participation in the design of their development assistance programmes, and/or to channel substantial amounts of aid money through international or local NGOs (Stiles, 2002). For example, the World Bank has made the so-called Community-Driven Development (CDD) approach one of the cornerstones of its Comprehensive Development Framework, as reflected in the World Development Report 2000/2001 devoted to poverty alleviation (Mansuri and Rao 2004). Because it gets people involved in the processes of decision-making and implementation of projects of which they are the intended beneficiaries, participatory development is viewed as an effective mechanism for reducing poverty and empowering the poor, for spreading democracy and accountability, and for making progress both inclusive and sustainable.

A priori, the proposition that participation is a recipe that can bring all good things together, is suspect for economists who believe that any choice problem tends to involve difficult trade-offs and that win-win solutions are rare or can be implemented only when special conditions are fulfilled. In the present contribution, I therefore want to examine critically the virtues attributed to participatory development and to highlight the limits of the underlying approach, not as an attempt to defeat the idea of participation, but in an opposite effort to enhance its credibility and to minimize future disillusionment.

In a book entitled "The Tyranny of Participation", Frances Cleaver remarks that "The 'community' in participatory approaches to development is often seen as a 'natural' social entity characterized by solidaristic relations…. Development practitioners excel in perpetuating the myth that communities are capable of anything, that all that is required is sufficient mobilization (through institutions) and the latent capacities of the community will be unleashed in the interests of development" (Cleaver, 2001: 44, 46). This is probably an overstatement, yet the point remains that, if participatory development is seen as a new magic pill that can cure most of the present ills, and if existing community imperfections are not properly taken into account, the donor community is bound to run into unanticipated difficulties that will make its tasks even harder to achieve in the near future.

There is an acute need, therefore, for a proper contextualization of participatory schemes susceptible of yielding more appropriate designs and implementation practices on the part of the donor agencies. In order to achieve that end, one must actually go beyond the simplification of an ideal-type community that would warrant a one-size-fits-all approach to participation. Real world rural communities may considerably differ along several important dimensions and, as a consequence, supporting interventions involving the beneficiaries –a praiseworthy end in itself– must be based on a good understanding of the details of context in particular situations. In short, a participatory approach to development is much more complex than is often imagined by donors, and it requires the adoption of a much longer time horizon than they are usually prepared to consider given the constraint of producing quick results which they typically face. A long-term perspective is especially needed when communities exhibit characteristics that make them vulnerable to serious pitfalls such as is the case, it will be argued, in societies dominated by lineage- or patronage-based relations, or in ethnically fragmented societies.

The main advantages associated with participatory development lie in the better knowledge of local conditions and constraints (environmental, social, and economic) that communities or user groups possess as well as the dense network of continuous inter-individual interactions that constitute community life (often labeled 'social capital' in the recent literature). As a result of these two features, communities are assumed to be better able than a central government or an external donor not only to set up priorities, identify deserving beneficiaries, design projects, select techniques and inputs, but also to enforce rules, monitor behaviour, and verify actions. Also, people's motivation to apply effort and to contribute resources is expected to be stronger when they are let free to choose their objectives and their ways to achieve them rather than being told from above what to do and how to do it (see, e.g., Hoddinott *et al*. 2001; Conning and Kevane 2002; Bardhan 2002; Platteau and Abraham 2002, 2004).

In the following, the above advantages of participatory development are discussed and the extent to which they can meet the expectations of the donor community is appraised. Due to a lack of space, however, not all the potential problems connected with participation can be addressed. In particular, the fact is largely overlooked that better information may not be enough in itself for participation to be effective: community members must be able to use the available information jointly in a way that creates some action, that is, they must be able to come together, share and discuss their knowledge and be ready to act on it (see, e.g., Björkman and Svensson, 2006).

The outline of the paper is as follows. In Section 2, attention is focused on the possibility of strategic distortion of local information under different circumstances. Section 3 considers the risk of embezzlement of external resources by local elites. I first examine the relationship between fraudulent behaviour and the local power structure before looking at the phenomenon of so-called 'development brokers'. Section 4 addresses the issue of perversion of participation under conditions of donor competition when the information gap between donors and recipients is not the problem. Finally, Section 5 argues that the effects of participation on project outcomes are not necessarily positive. Besides the fact that they vary with community characteristics, such effects may be conditional upon certain project characteristics. Section 6 concludes.

Two final but important introductory remarks are in order. First, the focus in this paper is on participatory schemes driven by external aid agencies rather than on mechanisms of decentralized development in which local governments or municipalities have the right to collect taxes. Yet, a number of questions which will be raised are also relevant for the approach of decentralized development and, from the discussion and the illustrations provided, it will be sufficiently clear when this extended application is legitimate. Quite naturally, the difficulties of participatory development that will receive special attention are those arising in the process of interaction with donors and NGOs rather than the failures and difficulties of participation as a method or tool of development *per se*. As a result, some awkward situations described below –most notably, the situation in which a community has no real interest in the activities proposed by the external agency– point to problems with mechanisms of external aid distribution rather than to problems with endogenously borne participation.

Second, participation is likely to be more successful in some areas than in others. As will be evident from the discussion, it is when beneficiaries have weak bargaining power that the problems of participation tend to be more acute, and it is on these situations that stress will be laid. When people's bargaining strength is significant, the participatory approach is more promising. This is true, for example, of public services whose delivery is liable to be influenced by the user community because there is a high demand for them, because users have accumulated experience and knowledge about them, or have the means to sanction bad suppliers.

2. Information distortion in participatory development

In the following analysis, three cases of information manipulation by grassroot communities are examined in succession. We first consider the case of strategic distortion of information when priorities are set by the communities, then proceed to the case of strategic distortion in the presence of diverging objectives, and finally move to the most complex and interesting case in which communities are heterogeneous and are represented by their local elites in their dealings with the funding agencies.

2.1 Strategic distortion of information when communities are homogeneous and donor preferences are more or less fuzzy

In a first step, let us consider the simplest, ideal case in which a community is defined as a homogenous entity which (1°) has a clear idea about the way to order its priorities in terms of projects to be implemented, and (2°) needs external support to finance, at least partly, its best preferred project(s). On the other hand, there are funding agencies, foreign donors or the central government of the country concerned, which want to disburse money to the benefit of the communities and according to the priorities set by them. Under these circumstances, it seems, communities would optimally meet their development concerns while funding agencies, assumed to be altruistic (their objective is to increase the communities' welfare), would best allocate their available resources.

In fact, even under these quite fortunate conditions, a problem arises when aid resources are perceived to be scarce (communities believe that some types of projects will not be financed) and when some uncertainty exists regarding the yardsticks or the preference system underlying the funding agency's choice of projects or communities. Confronted with this source of uncertainty, communities are tempted to avoid revealing their true preferences when applying for funds so as to better conform to the perceived preference of the agency. Hence a biased revelation of information by the potential beneficiaries of aid money. The point has been shown formally by Somville (2006) under the reasonable assumptions that (i) the probability of being financed is lower the larger the distance between the preferred project declared by a community and the project perceived to be preferred by the funding agency; and that (ii) the utility obtained as a result of the implementation of a project decreases with the distance between the community's declared project preference and its true preference.

Interestingly, the greater the uncertainty about the agency's preference the smaller the bias in the declared preference of a community. As a matter of fact, an increase in the uncertainty regarding the agency's best preferred project has the effect of reducing the marginal benefit from a bias in the declared community preference, since the marginal increase in the probability to be financed when lying a little bit more about one's true preferences is smaller when the agency's objective is more fuzzy. Conversely, when communities are rather certain about the preference of the agency, they are strongly induced to make a declaration close to that perceived preference and, therefore, to depart from their true order of priorities. Such is apparently the situation that obtained in some communities of Kerala, a southern Indian state which embarked upon an ambitious programme of decentralized development in 1996. There, indeed, some local governments (called *Panchayats*) thought that a project would be more likely to be financed by the central government if it was identical to those previously implemented by the state or to the sort of projects presented as models by the State Planning Board, the office in charge of decentralization (Nair 2000).

In the polar, yet frequent case in which the agency has a clear and explicit pattern of objectives and priorities that it wants to achieve by disbursing funds to communities ready to fulfil them, we expect the latter to behave opportunistically: they introduce project proposals deemed to conform to the donor's wishes so as to secure access to the available resources. In the words of a village chief from Burkina Faso, "if I give you a hen free, you won't start examining the ass to determine whether it is fat or thin. You just accept it." (Gueneau and Lecomte, 1998: 100). The extent of benefits drawn by a community will then depend upon whether the actual use of aid resources can be monitored by the agency: the more effective the monitoring the smaller such benefits. Conversely, if communities are not well disciplined into implementing the type of project that they have declared to prefer, they will be tempted to divert the resources obtained into their preferred use and their strategic distortion of information will have no welfare consequence.

There is abundant field evidence to show that, in effect, communities strategically adapt their project proposals to the explicit demands of the donors while pursuing their own agenda in the actual use of aid money. In the words of an anthropologist with a long field experience in Mossi villages of Burkina Faso:

> "Confronted with the hegemonic 'project' of the donor, the local population, for fear of losing the aid offer, prefer to remain silent about their practices and aspirations. This is because these practices and aspirations are perceived to be so far away from those of the donor that they are better not disclosed. Such is the vicious circle of development cooperation: the fear of avowing the discrepancy between the two views because it could lead to the discontinuation of the aid relationship, has the effect of strengthening the donor's confidence in the validity of its approach" (Laurent, 1998: 212 –my translation).

The same conclusion has been reached by Fletcher Tembo (2003) in his study of NGO (Non-Governmental Organizations) interventions in rural Malawi. His main contention is that people and communities tend to profess the objectives, and adopt the style, methods, and language of the NGOs so as to obtain access to their support.[1]

[1] In Tembo's words: "People's preoccupation was to align their requests with what an NGO was providing, in a sense of defending their position for assistance even when the critical problem was something else… in most cases, people were co-operative, in terms of giving appropriate answers to fieldworkers, in order to please them and have access to NGO assistance. This assistance was in order to fulfill other purposes they already formed on their minds. They were negotiating with fieldworkers from a broad background of their experience in which they had critical problems to be addressed or cured… [therefore], the actual purposes of

Typically, this implies pursuing the objectives of empowerment, capacity-building and sustainability, showing concern for gender and environmental issues, following training courses, abiding by certain rules and procedures (e.g., creating committees, holding regular meetings, maintaining a cashbook), etc. Thus, for instance, training was not viewed by the people as a form of assistance, but as "a facilitating activity attached to the process of receiving some kind of NGO assistance" (ibidem: 97). In fact, people saw training not only as a condition of access to assistance, but also as a source of direct advantages in the form of training allowances. Revealingly, one of the most contentious issues between fieldworkers and villagers concerns the form in which training allowances should be paid: while, on behalf of the NGOs, the former insist that they are paid in kind as gifts of food, the latter want to receive cash allowances so that they can use them in the way they deem fit (ibidem: 64). As pointed out by Tembo:

> "… before the training commenced people demanded that they be provided with training allowances in cash and not food… When the NGO turned to the 'take it or leave it' approach, the people agreed and the training session was conducted, but with a lot of grumbling on the part of the community members. Fieldworkers were surprised and angry with the people, arguing that they were already beneficiaries of long-lasting assistance and should not demand payment for their access to the assistance" (Tembo 2003: 128).

Other sources of disagreement arise from NGO preference for participatory processes and for collective rather than individual enhancement. Activities involving participation, such as registration exercises and meetings, which for NGOs were meant for the empowerment of the people, were seen by them as serving the purpose of facilitating

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the people could not be reflected in the project design because the people's primary orientation was to successfully access assistance. If they had based their negotiations on their genuine uses of assistance, they might not have been able to access NGO assistance… they preferred to hide the actual uses as long as they succeeded to access assistance, which they could then use for their own purposes" (Tembo 2003: 93-94, 125, 131-32).

the inflow of external resources. As a result, when an NGO phased out assistance, the people often stopped their participation in the committees and organizations built at the initiative of the fund provider. Hence the observation that village organizations set up to secure external financial support "could disband as soon as NGO assistance was over" (ibidem: 121, 146). Villages from Mayo Kebbi in Chad derisively call "groupements-minute" (instant associations) these thousands of groups, committees, associations and the like which suddenly emerge when aid funds are available and quickly vanish from the scene when the opportunity has passed (Gueneau and Lecomte 1998: 64).

Partaking of the same logic of spurious participation is the fact that village organizations and committees set up for the purpose of capturing aid are specific to the intervention of a particular NGO. According to Tembo's account for Malawi, when a new NGO came to a community to provide assistance, people did not mention previous programmes and, therefore, new committees were formed to meet the demand of this new NGO. Change thus tends to be seen in project terms rather than in the context of the people's own construction of their livelihoods (Tembo 2003: 122).

Revealingly, the same sort of problems arise in the context of World-Bank supported CBD (Community-Based Development) projects: according to a recent evaluation report, "communities do not appear to have understood that their participation is meant to drive the development process, and see participation in a Bank project primarily as a requirement for them to meet part of the sub-project cost" (World Bank 2005: 50).

In an extreme case, it is possible that a community has no interest in the activities proposed by an external agency. The utility obtained from external assistance may then consist of the social prestige associated with obtaining a development project in the context of inter-community rivalry, and with enhancing the credibility of existing leadership in such a context. Many village leaders want to have a funded project in their community, just like their neighbouring villages: "In essence, they were open to have any NGO activity in their communities" (Tembo 2003: 93; see also Mosse 1997: 486). Women from the Senegal river valley thus wanted to obtain sewing machines from a foreign NGO because "that is what aid-funded development projects give" and what the neighbouring villages have actually received (Gueneau and Lecomte 1998: 99).

To conclude, conflicts of objectives between aid agencies and communities often emerge because the latter pay much less attention to long-term, strategic considerations (including the building of autonomous organizational capacities), and attach much bigger weight to immediate improvements of life conditions. In addition, they tend to place too much hope in externally-provided resources and to demand that the scale of development activities is increased beyond the limit of their own absorptive capacity. More fundamentally, meaning systems may differ so widely between donors and target groups that the very concept of development at the heart of the donors' approach may not be understood by these groups (Platteau 2004).

2.2 Strategic distortion of information with heterogeneous communities: general considerations

In many cases, communities are not homogenous as we have assumed so far. Even in Sub-Saharan Africa, village societies are often strongly differentiated along age and gender lines, seniority of the lineage, etc. This heterogeneity compounds the problem of information manipulation because funding or aid agencies are typically motivated by the objectives of poverty alleviation and empowerment of deprived sections of the population. This gives rise to serious conflicts of objectives with local elites which are inclined to promote their own interests and do not have the same idea of eligibility to external assistance. To push their own agenda, these elites do not hesitate to exploit the information gap that exists between rural communities and donors.

In many instances, the opportunistic behaviour of local elites consists of deceptively including the poor and disadvantaged in their project activities so as to access development aid. Several social scientists have thus emphasized the ability of the village wealthy to represent their own interests as community concerns expressed in the light of project deliverables. As a consequence, donors are frequently deluded into thinking that the motivations of these elites are guided by purposes of collective good (see, e.g., Ribot 1996, 2002; Molinas 1998; Mosse 2001; Harrison 2002; Tembo, 2003). Delusion is all the more likely as the demands emanating from the elites are replete with the sort of pleas and vocabulary that strongly appeal to the donors and, in order to create the appearance of participation, they may go as far as spending resources to build community centres, hold rallies, and initiate showcase labor-intensive activities (Conning and Kevane 2002: 383). Thus, commenting on the Indian experience with village-level democracy (*Panchayati Raj*), Ajay Mehta writes: "Despite significant allocation of resources and the creation of institutions for self-governance, these interventions have not succeeded in either empowering the poor or enhancing their well-being. If anything, they have strengthened the ability of more powerful and more affluent segments of society to control and co-opt the poor to serve their interests" (Mehta, 2000: 16).

Donor agencies, including NGOs, run the risk of inadvertently facilitating the task of local elites. This happens when they rely on institutional mechanisms that have the effect of skipping the phase of empowerment of the grassroots. Typically, they ask the members of the targetted communities to form groups or partner associations and to 'elect' leaders to direct them. As pointed out by Esman and Uphoff (1984):

> "The most prominent members are invariably selected and then given training and control over resources for the community, without any detailed and extended communication with the other members about objectives, rights, or duties. Creating the groups through these leaders, in effect, establishes a power relationship that is open to abuse. The agency has little or no communication with the community except through these leaders. The more training and resources they are given, the more distance is created between leaders and members. The shortcut of trying to mobilize rural people from outside through leaders, rather than taking the time to gain direct understanding and support from members, is likely to be unproductive or even counterproductive, entrenching a privileged minority and discrediting the idea of group action for self-improvement" (p. 249).

When common people are compliant enough, such as is often observed in hierarchical societies, including them in the associations required by the funding agency and exerting natural authority over them in all discussions regarding the allocation of aid resources is usually sufficient to make the preference of the elite predominate. In fact, as attested by many experiences of the World Bank's Social Funds −a major instrument for the financing of participatory development projects by the Bank−, "prime movers" of projects, such as village headmen or school teachers, often decide which project to choose and implement before any community meeting ever takes place and it is only later that they take the step of informing community members of their project choice (De Haan, Holland, and Kanji 2002; White 2002). The powerless assume the images of the powerful and, since all negotiations with the external agency take place through local leaders or intermediaries, people's priorities are presented in a manner acceptable to this agency, but also suiting the interests or objectives the village elite (Tembo 2003: 95, 145; Nygren 2005). If the poor are somewhat less passive and not so easily manipulable, the elite may have to resort to some sort of arm-twisting tactic to have their way. And, if the external agency is able to effectively monitor the local use of the resources provided, the elite may be compelled to forsake access to these resources, possibly causing damage to the project itself.

The story, reported by Tembo, of a self-help scheme for irrigation in a village of Malawi provides a handy illustration of how divergence of objectives between an NGO and the village elite may undermine a development project. The scheme had been devised by a few people willing to divert water from a river in order to grow rice during the dry season. An NGO then appeared which decided to expand the programme in order to allow most people, especially the poor, to benefit from it. This necessitated the construction of a more permanent main water channel made of cement and using skilled labour, both bought by the NGO. Once construction was completed, people were required to divert small channels into their fields and then organize for maintenance of the main channel. Yet, people did not comply. Instead, the original group of irrigators continued to irrigate their crops using the old channel they had built by themselves. The reason behind the boycott is that this group considered the other farmers to be lazy guys prone to free riding (they will "eat on other people's sweat") and, therefore, liable to undermine collective actions such as the maintenance of the new channel. Since it was difficult to reject anybody on the new channel given that it had been financed by the NGO, the original group opted for returning to the old channel and relying only on trustworthy people (Tembo 2003: 115).

To take another example, in a village of Uttar Pradesh (India) concerned by a water supply scheme, groups made of a few households contributed the entire capital cost portion for one handpump. It was understood that neighbouring households would pay them back their share once the pumps would be operational. This did not happen, though, and the handpumps were considered by villagers to be the property of individual households. Some of the 'owners' even go so far as to remove the chain when they are not using the pump so as to ensure preferential access (Prokopy 2005: 1815).

Incidentally, the above examples show that heterogeneity of interests and objectives does not necessarily arise from an opposition between the village elite and the common people, but may also be caused by more subtle patterns of social differentiation inside communities. In particular, different ideas of eligibility to external assistance, and different notions of social justice, may prevail because of different diagnoses about the ultimate causes of poverty and destitution. While development agencies tend to attribute poverty to bad initial conditions, or to a lack of luck and adverse shocks, relatively successful members of a community may place the blame on some behavioural traits of the poor themselves, e.g., laziness, drunkenness, indiscipline, or opportunistic proclivities. Moreover, individuals may be regarded as untrustworthy because they have broken some local social norm (a man has shown disrespect for his father, or he has a sold a piece of land to a stranger without the approval of village elders) and will therefore be considered non-eligible to aid relief whereas the donor agency thinks contrariwise on the basis of other criteria or principles of justice (Platteau 2004: 249; see also Mosse 1997; Platteau and Abraham 2002).

Exclusionary tendencies often follow from the fact that rural communities are typically concerned with preserving a sense of social inclusiveness that leads them to exclude certain segments of the population (Conning and Kevane, 2002: 386). In particular, immigrants of more or less recent origin, nomadic people, erstwhile slaves in caste societies, widows may be easily precluded from benefiting from an external intervention. In a recent study of Southern Sudan, it has thus been found that local views about who should benefit from famine relief efforts were very much at variance with those of the aid workers, which caused a lot of problems in the implementation of the project (Harragin, 2003). A similar difficulty emerges from another study dealing with a CBD project designed to promote community-organized and funded schools in Kenya (Gugerty and Kremer, 1999). A more optimistic conclusion has however been reached in still another study that found a good matching in rural Bangladesh between wealth-ranking judgments arrived at through a Rapid

Rural Appraisal technique, on the one hand, and ratings obtained by using standard socioeconomic indicators from a household survey, on the other hand (Adams et al., 1997).

2.3 Strategic distortion of information with heterogeneous communities: empirical evidence from the economic literature

A glance at the economic literature on decentralized or participatory development reveals that economists have focused most of their attention on the issue of whether poverty reduction can be more effectively achieved through an allocation of resources that is decentralized (via a local government) or participatory (via a community organization representing the interests of the beneficiaries themselves) than through a centralized mechanism (for a statement of the problem, see Bardhan and Mookherjee 2000). Their theoretical framework usually assumes the existence of some form of voting process at the local or community level in which the weight of the poor, who have different preferences from the rich, is expected to play an important role. In many cases, the theory is then tested against the facts.

For instance, Rosenzweig and Foster (2003) use a model of two-party (the poor and the non-poor) representative democracy with probabilistic voting in which local governments must choose to allocate public resources among different public goods for which the preferences of the poor presumably differ from those of the rich. A key prediction of the model is that, in villages with democratic governance, an increase in the population share of the landless should result in outcomes that are, *ceteris paribus,* more favourable to the poor, that is, greater road construction or improvements (which are relatively labour-intensive) and smaller public irrigation infrastructure (which benefits the landed households especially). The prediction is borne out by the econometrics applied to a twenty-year panel data set from

250 villages in rural India. As a matter of fact, increases in the population weight of the poor appear to enhance the likelihood of receiving pro-poor projects but only in villages with elected *panchayats*. When more traditional leadership structures prevail, no such effect is observed, leading to the conclusion that local democracy seems to matter for whether or not decentralization benefits the poor.

On the other hand, evidence from a decentralized food-for-education programme in Bangladesh led Galasso and Ravallion (2005) to the conclusion that the programme was mildly pro-poor, in the sense that a somewhat larger fraction of the poor received benefits than did the non-poor. Yet, the targeting performance turns out to have been worse in more remote communities or in communities where land inequality is greater, which presumably reflects a larger extent of appropriation of benefits by the elite when the poor wield little bargaining power.[2]

Studying the impact of the Peruvian Social Fund on poverty targeting, Christina Paxson and Norbert Schady (2002) found that this World Bank-supported mechanism for the delivery of public goods (schools, clinics, roads, water and sanitation facilities) in poor communities successfully reached the poorest districts, yet did not reach the poorest households within these districts. As a matter of fact, better-off households were more

[2] To understand the behaviour that underlies the allocation of resources driving such results, the authors have assumed that a community is maximizing a positively weighted sum of utilities featuring the situation of two population groups, poor and non-poor. Communities are thus able to achieve an efficient allocation of the resources put at their disposal by a central agent (the so-called Project Office) which does not observe how much is going to the poor in each area but takes the behavior of communities into account while setting the budget allocation between them. The weights on the utilities of the poor and the non-poor are interpreted as 'capture coefficients' arising endogenously in a voting model with differences in voter information between the poor and the non-poor. Moreover, the weights are assumed to depend on characteristics of the poor and non-poor, as well as the local political and economic environment, and the programme itself.

likely to benefit from the Fund's investments. From a case study on the Jamaica Social Investment Fund, Vijayendra Rao and Ana Maria Ibanez (2001) concluded that the overall quality of the match between local preferences and project achievements was poor. Only in two of the five communities studied was the project obtained consistent with the preferences of a majority in that community. Furthermore, better educated and better networked people were more likely to obtain projects that matched their preferences. As for Abhijit Banerjee and Rohini Somanathan (2005), they emphasize the presence of serious negative discrimination against certain disadvantaged groups in India, the so-called scheduled castes and scheduled tribes which together represent almost one-fourth of the Indian population. This discrimination is reflected is their low access to public goods and services.

In short, when social differentiation and power asymmetries are strong, decentralized or participatory development is tantamount to participation by the rich and the powerful at the expense of the poor who remain voiceless and helpless. It is in this sort of context that an empowerment approach is needed to help the poor not only to articulate their needs and assert their interests in front of the village elite, but also to monitor the behaviour of the latter, to confront them if needed, and to take leadership positions. A few studies seem to suggest that, where reliable empowerment mechanisms exist, poverty can be effectively reduced through decentralized development.

Thus, Rohini Pande (2003) has shown that, in the same country, when disadvantaged groups (lower castes, tribal groups and landless people) are able to elect their own representatives at the local level where allocation decisions are made, a larger share of available governmental resources accrue to them. The same result has been obtained by Chattopadhyay and Duflo (2004a, 2004b) in a study focused on the situation of women and the impact of reservations of local government positions for women in two Indian states (Rajasthan and West Bengal). They obtain significant effects on the allocation of expenditures between drinking water, roads, and education centers which are thought to better reflect women's interests.

Social differentiation and power asymmetries are not the only kind of heterogeneity that make participatory schemes liable to produce disappointing results. Thus, Alesina, Baquir, and Easterly (1999) have attempted to explain the quantity of public goods supplied at local level by the heterogeneity of ethnic preferences in the context of Indian villages. Their estimates show that the share of such public goods as schools, paved roads and telephones is inversely related to ethnic fragmentation, which thus comes out as an important determinant of local public finance decisions. In the same vein, Cutler, Elmendorf and Zeckhauser (1993) stress the difficulties for collective action (the production of local public goods, in particular) that arise from ethnic heterogeneity. According to them, this is due to the fact that people do not feel concerned by the well-being of others unless they belong to the same ethnic group. It is therefore not surprising that, in highly fragmented societies, electoral competition at local level is often based on considerations of identity, whether ethnic, religious or linguistic (Keefer and Khemani 2005; see also Chandra 2004). Here, what are required to overcome the problem are subtle steps to gradually develop cooperative practices between the diverse population sub-groups.

All this being said, caution is called for when interpreting most of the above results in so far as they are based on a comparison of predicted and realized outcomes in the absence of strong direct testing of the underlying assumptions. More precisely, it is assumed that a key mechanism of elite dominance is their influence over the type of expenditure or project to be financed from the externally-provided resources. Yet, it is not so easy to identify which types of expenditures or projects benefit the poor more than the wealthy. For example, can we really take for granted that, comparatively to the rich, the poor benefit more from improved roads than from irrigation infrastructure? Thus, "it is often the case that non poor households corner most of the wage work opportunities within their home village, especially when this work is provided by government agencies at an official wage rate that is two to three times the traditional village rate" (Kumar 2002: 776).

As pointed out by Pranab Bardhan and Dilip Mookherjee (2006a), evidence derived from surveys of living standards of households or individuals classified by socio-economic status would be much more reliable, for assessing the impact of decentralized development on the poor, than reported perceptions of service delivery or evidence based on the composition of public expenditures at the local level. Reported perceptions are vulnerable to serious biases as are all subjective statements, and evidence based on public expenditures is too indirect to be fully convincing (see supra). Fortunately, aside from the aforementioned study by Galasso and Ravallion, works using household-specific data are becoming increasingly available (see, in particular, Björkman and Svensson, 2006; Banerjee *et al*., 2006).

Finally, we would obviously like to know more about how village democracy works in actual practice. Indeed, in order to show that democratic governance enables the poor to express their preferences and make them prevail, there is no escape from analyzing the concrete process through which they raise their 'voice' in the relevant institutions. By relying on formal voting processes and formal rules of electoral competition, political economy models also ignore other, potentially effective local accountability institutions. It is thus revealing that, in non-democratic countries such as China and Korea, ingenious mechanisms exist at local level to develop trust and cooperation within the ambit of incentive-based organizations and bureaucratic procedures, whereas in democratic countries such as India local-level accountability mechanisms are often quite deficient (see, e.g., Wade 1985, 1990).

A recent study of the poverty alleviation effects of the Ecuadorian Social Fund (Araujo et al. 2006) is less vulnerable to the aforementioned methodological problem regarding the adequacy between composition of public expenditures and the needs of the poor at the local level. This is because the authors exploit the fact that the menu offered by this Fund included basically two types of projects –local public goods (which are accessible to all although they may be valued differently across individuals) and excludable private goods–, and that by far the most important private good provided, latrines built in land plots belonging to community members with no previous access to toilet facilities, were clearly aimed at the poor. The authors propose a simple model of project choice between public and private goods when local political power is unequally distributed. This model yields the prediction that, controlling for inequality, poorer communities would select latrine projects more often than more wealthy ones. Moreover, controlling for poverty, more unequal communities would choose latrine projects less often, as a result of a concentration of power in the hands of richer people.[3] The study finds that the latter prediction is, indeed, supported by the data, strongly suggesting that the programme is captured by the elite to the extent that such a choice reflects differences in power, rather than need.

[3] Note that this kind of theoretical prediction is identical to that obtained by Bardhan and Mookherjee in some of their theoretical papers analyzing the determinants of the relative efficiency of decentralization. In one of these papers (1999), for example, they have investigated the determinants of relative capture of local and national governments in the context of a model of (two-party) electoral competition with lobbying by special interest groups (the non-poor are organized in a lobby and can make campaign contributions). The most salient result is that relative capture depends on heterogeneity with respect to levels of local inequality and poverty: decentralization will tend to increase elite capture in high inequality localities (since higher inequality reduces the level of awareness of the poor, decreasing the level of their political participation) and lower it in low inequality ones (see also Bardhan and Mookherjee 2005, 2006b).

3. Embezzlement of external resources by local elites

3.1 Fraudulent behaviour and the local power structure

In the above, we have considered a first form of elite capture whereby, in the presence of heterogeneous preferences, the village elite succeeds in imposing their own interests and objectives while negotiating projects with external funding agencies. Let us now turn to a second form of elite capture under which power-wielders at village level, even assuming that their objectives and preferences are identical to those of the poor, do not hesitate to appropriate an unduly large share of the external resources provided to the community. In other words, a sheer embezzlement of these resources occurs. Empirical studies by economists concerning this second and more blatant form of elite capture are simply absent for the obvious reason that embezzlement is extremely difficult to document in any systematic manner. Indeed, being a more blameworthy and less avowable practice than capture of the first kind, it tends to be subtly concealed at least from external fund providers and, a fortiori, from researchers compelled to use interviews of a rather crude kind owing to severe time and resource constraints (for an exception, see Olken 2005).

Not surprisingly, therefore, evidence of embezzlement by local elites is typically anecdotal, which does not mean that it is insignificant. In point of fact, cases of embezzlement have been uncovered by many fieldworkers with a prolonged engagement with rural communities. Because of the piecemeal character of the evidence available, however, it is hard to specify the conditions under which elite embezzlement is more or less likely to occur.

This being said, it seems a well-grounded fact that inegalitarian village societies are comparatively prone to resource misappropriation, especially if the authority structure has never been questioned by rebel individuals or groups on the basis of progressive ideologies, and if deferential attitudes prevail among common people. Hence, perhaps, the relatively large incidence of fraudulent behaviour on the part of the chieftaincy in lineage-based societies, for example in Sub-Saharan Africa. There, indeed, a rigid hierarchy of ranks often prevails at the top of which are the chief and the council of elders. This council is typically comprised of aged persons belonging to the dominant lineages, foremost among which is the lineage descending from the man who cleared the bush and founded the village. It is from the founding lineage that the village chief usually originates.

What bears emphasis is that African societies have not yet gone through protracted, nationwide struggles whereby the interests of dominated social classes or groups could be asserted vis-à-vis the ruling elite and state power (Kennedy, 1988). In other words, there is no entrenched tradition of genuine civil society movements that are emancipated from the state. This is not surprising in a context where state authorities (including chieftaincies in rural areas) have preempted important channels of potentially lucrative activities in the economy, and where dynamic individuals eager to get rich and/or to exercise their entrepreneurial talents have been absorbed into the regime's rent-generating and collecting patronage networks. What is at work is a logic of "politicized accumulation" narrowly linked to the inclusionary and co-optive strategies of regime consolidation described by Bayart (1986, 1989) and Boone (1992) among others.

As a consequence, the social ideals and other-regarding norms of a generalized kind without which social struggles are doomed to failure could not evolve in Africa and in other areas with similar characteristics (e.g., Haïti, Bihar state in India, Northwestern Province in Pakistan, …). This is unfortunate in so far as such values and norms are precisely useful to promote the emergence of dedicated leaders who are moved by a progressive ideology rather than their own immediate self-interest. By contrast, in many countries of Asia and Latin America, historically-rooted ideals of social commitment are alive that have been transmitted over generations thanks to the education system and civil society movements or associations (see, e.g., Heller, Harilal, and Chaudhuri, 2007, in the case of Kerala state, India).

In rural societies dominated by a stratum of chiefs and notables, traditional leaders may choose to oppose any outside intervention that has the effect of threatening their social and economic status, thereby disrupting the local hierarchy of privileges and undermining the local power structure. As a matter of fact, there are numerous stories attesting that the village elite frequently claim priority access to the new resources brought under the auspices of a development program. If their request is not satisfied, they attempt to appropriate the program's assets by force or by guile and, if such a strategy does not succeed, they do not hesitate to sabotage the external intervention by manipulating community members so as to incite them to boycott it (for vivid illustrations taken from the author's own repertoire of field experiences, see Abraham and Platteau 2004: 220-21).

Part of poor people's passivity in the presence of embezzlement of aid resources by local leaders may be actually attributed to a ruling system of social norms and values which tend to legitimate elite capture. As a result, what Western donors would consider as blatant fraud or improper behaviour may not appear as such in the eyes of local people who have internalized customary norms that have evolved to vindicate an asymmetrical social structure. The following story illustrates the nature of these norms and their underlying system of justification. Given its rich content, it deserves to be told in some detail (the story is taken from Platteau and Gaspart 2003: 1689-90).

In the late years of the 20th century, a Western European development NGO established a relationship with a village association in a Sahelian country (Burkina Faso). This association, a federation of several peasant unions, had been initiated by a young and dynamic school teacher, the son of a local chief. The NGO decided to follow a gradual participatory approach consisting of strengthening the association institutionally before channeling financial resources to it. After two years during which institutional support was provided in the form of guidance to improve the internal functioning of the partner association and to help define development priorities and the best means to achieve them, funds were provided for different types of investment. Within the limits of the budget set for each prioritized line of investment, the local association was let free to choose the project it deemed most useful, to prepare proposals, and to program the activities involved. Continued external support at different levels (technical, administrative, organizational, and methodological) was nevertheless found necessary to help in the effective implementation of the different projects.

In spite of all the efforts to strengthen the partner association institutionally, things turned out badly. Thanks to the collaboration of two active members of the General Assembly (actually two animators) and the local accountant, the foreign NGO discovered serious financial and other malpractices committed by the main leader under the form of over-invoicing and falsifying of accounts. It reacted by calling on the local committee to sanction these manifest violations of the rules, yet at its great surprise no punishment was meted out and the general assembly even re-elected their leader in open defiance of its request. The two dissident animators were blamed for being driven by jealousy and envy, while the accountant was fired. Here is a clear illustration of the support that poor people are inclined to give to an elite member on the ground that they have benefited from his leadership efforts. That he appropriated to himself a disproportionate share of the benefits of the aid program is considered legitimate by most of them. They indeed think that without his efforts their own situation would not have improved at all. In particular, he created the village association which had to be formed in order to be eligible for external assistance.

In a context where the ability to establish contact and to deal with external sources of funding is concentrated in a small elite group, the bargaining strength of the poor is inevitably limited, hence their ready acceptance of highly asymmetric patterns of distribution of programs' benefits. If the intervention of the elite results in an improvement of the predicament of the poor, however small is the improvement, the latter tend to be thankful to their leader(s): the new outcome represents a Pareto improvement over the previous situation and this is what matters after all. Revealingly, the ordinary members of the association defended their leader on the ground that "everybody around him benefited from the project and, if he benefited [much] more than the others, it is understandable because he is the leader and he made the whole project possible". They believe it is highly unfair on the part of the foreign NGO to have withdrawn their support to the existing team and to have "humiliated their leader" by depriving him of all the logistical means (jeep, scooters, etc) previously put at his disposal.

As for the leader himself, he openly admitted (during a conciliatory meeting organized by the high commissioner of the province) to have used a significant portion of the money entrusted to him for his own personal benefit. Yet, he did not express any regret since it was his perceived right to appropriate a large share of the funds. Did he not devote considerable energies to the setting up of the local organization and the mobilization of the local resources as required by the foreign NGO? By attempting to curb his power to allocate funds in the way he deemed fit, the latter exercised an intolerable measure of neo-colonialist pressure. This criticism was voiced in spite of the fact that the NGO paid him a comfortable salary to reward his organizing efforts. Things were left there and the local radio even echoed the leader's viewpoint. Of course, suing him before a court was not deemed to be a realistic option.

Stories like this are easily multiplied. What must be stressed is that the attitudes involved are typical of rural societies dominated by patron-client or chief-subject relationships, that is, hierarchical, asymmetric, and highly personalized relations in which poor people's deference and loyalty to the leader(s) is perceived as the best way of ensuring their day-to-day livelihood. In such a social setup, enrichment of the elite is not considered reprehensible by the poor as long as they are allowed to derive some gains from the elite's actions and they can have their day-to-day subsistence guaranteed by the well-to-do (see Scott, 1976, 1985; Chabal and Daloz, 1999: 42). There is no disputing the power of the local 'strong men' and, when the poor sit in a village committee or association, it is essentially because they want to state their loyalty to them (Kumar and Corbridge, 2002).

3.2 The ominous rise of development brokers

It has been mentioned earlier that many international donor agencies tend to require the formation and training of village groups or associations as a precondition for disbursing money in the framework of community-based projects. In countries or areas where community empowerment is low, such a mechanism has the unfortunate effect of encouraging the entry of wealthier and more educated people into leadership positions because of the attractiveness of outside funding (Gugerty and Kremer 1999, 2000; Rao and Ibanez 2001; Brett 2003; Agrawal and Gupta 2005).[4]

What must now be added is that traditional or locally-based elites (elders, heads of lineage, and village chiefs) are not the only sort of leaders who benefit from external resources conveyed under participatory development approaches.[5] Frequently, urban elites 'remember' their geographical origin and reactivate their rural roots when new funds

[4] Revealingly, a major problem confronted by the community-based drive attempted during the 1950s by the Ford Foundation and US foreign assistance programs, and which eventually led to its demise, lay in its inability to effectively counter the vested interests of local elites (Holdcroft 1984: 51).
[5] This section is largely inspired from Platteau 2004.

become available which are funnelled through rural groups or communities, or through local governments or municipalities. For example, in Cameroon, as soon as the decentralized program of forestry management was launched, a 'localism fever' set in: members of the urban elite, consisting mainly of senior civil servants and politicians, began to join in local initiatives by getting co-opted or 'elected' in local committees or associations, or by featuring as resource persons for them. They then established "alliances with town-based companies, to whom they have promised their villages' forests" (Oyono, 2004: 102), giving rise to accusations of "re-centralisation". It is therefore not surprising that committee members have disconnected themselves from the rest of village communities, and that cases of financial misappropriation are widespread (in one documented case, half of the forestry fees have been embezzled by members of the management committee) (Oyono, 2005: 11).

The spawning of local (and foreign) NGOs is another recent phenomenon that must be understood in the light of the redirecting of foreign aid flows. Acting as 'development brokers', political entrepreneurs have been quick to understand that the creation of an NGO has become one of the best means of procuring funds from the international community (Meyer, 1995; Bebbington, 1997; Bierschenk, de Sardan, and Chauveau 2000; Lund 2006). In many instances, government officials themselves are directly involved in the formation and leadership of local NGOs. They often have two visiting cards, one showing their function and title in a government department and the other presenting them as a chairman or a chairwoman of an NGO. In the words of Chabal and Daloz (1999: 22-24):

> "A massive proliferation of NGOs … is less the outcome of the increasing political weight of civil society than the consequence of the very pragmatic realization that resources are now largely channelled through NGOs". As a consequence, "the political economy of foreign aid has not changed significantly" because "the use of NGO resources can today serve the strategic interests of the classical entrepreneurial Big Man just as well as access to state coffers did in the past…".

Thus, in the case of Benin, a West African country especially spoiled by the donors, local NGOs and associations, which are often "empty shells established with the sole purpose of capturing aid", have multiplied within a short period of time to number several thousands. Many others wait to receive the approval of the Ministry of Interior (Le Monde, 26 February 2001). In Mali, there were 1,467 NGOs registered locally in December 2001 (Coulibaly 2003: 24). In non-African countries, also, NGOs often constitute "an opportunistic response of downsized bureaucrats, with no real participation or local empowerment" and, inevitably, program officers themselves become involved in the creation of community institutions (Conning and Kevane 2002: 383-84; see also Meyer 1995; Bebbington 1997; Gray 1999).

The Economist's allegorical statement that NGOs "often sprout up, like plants in the sunlight, solely to bathe in this foreign money" (Special Report *Aid to Africa*, July 2-8 2005, p. 26) seems well-justified in the light of the above sort of evidence, yet it singularly contrasts with the contention of a sociologist of the World Bank according to whom "NGOs insert themselves not as a third and different/independent actor, but as an emanation and representation of the community" (Cernea 1988: 10). What needs to be stressed is that the risk of capture by opportunistic development brokers is high when self-conscious, organized local communities do not actually exist prior to the opening up of new development opportunities by state agencies or international donors (see Li 2001, for a well-documented illustration of this possibility), while donors simultaneously assume *a priori* that the beneficiary communities are strong and their leadership accountable (McDermott 2001).

4. Perversion of participation under donor competition

In a genuine participation process, people should contribute toward the production of the private or public goods and services that external assistance makes possible. Indeed, if these goods and services carry a high value for them, and if they have the wherewithal to finance part but not all of the production expenditures involved (in particular, they can bear expenses in kind, such as supplying the labour required for the construction of some village facility), the beneficiaries should be willing to participate in the investment. Leaving the free rider problem aside (everyone would like others to carry the burden of cost contribution), one would actually expect people's contributions to signal the intensity of their preference and positive motivations for the project at stake and, hence, to have a positive impact on the aid project outcomes.

The available studies do not, however, lead to unambiguous conclusions in this regard. While some studies show that capital cost contribution (measured, say, by the percentage of households in the village who have contributed) is positively related to the effectiveness of project outcomes, other studies lead to the opposite conclusion, or show no significant impact (Prokopy 2005: 1801-1806, for a survey of the literature on water supply projects). The ambiguity of these results is perhaps not surprising in so far as cost contribution is typically not voluntary but imposed by many donor agencies as a precondition for releasing aid funds. It is, therefore, possible that beneficiaries contribute only reluctantly so that the presumed favourable effect on project effectiveness does not take place.

But why should they be reluctant to participate? Two possible explanations spring to mind. First, as discussed in Section 2, the aid-assisted project may not belong to the people's top priorities (thus violating the above-made assumption), or it may be a priority objective, but only for the village elite which has the power to shift the entire burden of the local contribution to the poor. Second, people may think that they could get the (desired) project for free. This is likely to happen (i) if they feel that the donor agency is rich enough to provide all the necessary resources instead of insisting on a local contribution, or

(ii) if donor competition is sufficiently stiff to make villagers hopeful that the local contribution requirement can be somehow circumvented or tampered with.

There is suggestive evidence to show that, in contexts where competition between donors is acute, such as is observed in many poor countries with a rather good record of political stability and human rights, local contributions are difficult to extract. Worse, potential beneficiaries are often found to demand from the aid agency extra payments for themselves in the form of *per diem* or special allowances. Here, again, Tembo's findings regarding Malawi are instructive and, according to my own experience, can be safely extended to a great part of the African continent.

The villagers' image of foreign donors, NGOs in particular, rests on a perception of them as humanitarian agencies that have plentiful resources at their disposal to alleviate poverty and improve the levels of living in economically backward regions of the world. By way of consequence, beneficiaries believe that these agencies have enough money to cover what they are asked to pay or to supply on account of local contribution. Naturally enough, they may be easily led into thinking that local contributions or their equivalent are pocketed by fieldworkers or agents acting on behalf of the aid organizations. As expressed vividly by a villager: "what we perceive is that these organizations are using our villages to eat their money because when a lion catches a cow it goes hiding far away in the forest. This is what happens with these organization officials. When money comes to assist us in the village they just use it themselves and report to donors that they have assisted such and such areas" (cited from Tembo 2003: 105). The suspicions of dishonesty thus aroused are not conducive to effective project implementation.

In the same manner as they cannot imagine that aid agencies ask for local contributions, since they are thought to have plentiful resources at hand, they cannot imagine either that these agencies choose to give loans instead of grants, especially so if loans carry interests. As explained by Tembo, the realization that NGOs give loans instead of grants immediately creates the image of "NGOs making their profits" in the minds of villagers, including traditional leaders, committee members and better-off people (Tembo 2003: 109). When NGOs started demanding repayments from people and did not hesitate to use coercive means, such as confiscation of the defaulter's property, the villagers were shocked and conflicts erupted. Again, the suspicion emerged that fieldworkers or NGO agents must have concocted this stratagem in order to steal money intended for the grassroots.

The pervasive presence of *per diem* and other allowances is to be seen in the same perspective of aid organizations perceived as richly endowed agencies driven by humanitarian considerations. Yet, it can be properly understood only in a context of stiff competition between such agencies, as reflected in the actual or potential presence of several donors in the same community.[6] Under these conditions, indeed, the village elite or the leaders of the village 'partner' associations feel emboldened to ask for additional advantages from the donors. This demand is typically justified on the ground that they have to devote time (and resources) to the project, and that this time has a substantial value for which they ought to be compensated. There is an obvious parallel between this way of arguing and the reasons put forward by a local leader to vindicate his fraudulent use of NGO funds in an above-told story (see supra, Section 3.1). This is forgetting that external assistance is aimed at benefiting local people (including the elite), so that compensation is not really justifiable. Hence the understandable surprise and anger of fieldworkers when they find themselves confronted with the pressing demands of local leaders or beneficiaries for particular advantages, such as personal vehicles, training allowances (see supra, Section 2), or *per diem* for the attendance to committee meetings.

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[6] Such a situation gives rise to substantial confusion because donor agencies typically act in an uncoordinated manner (World Bank 2005: 35-36).

The essential difference between allowances (*per diem*) and aid embezzlement is, of course, that the former is an official payment whereas the latter is an illegal, hidden practice. Since allowances are official, their level is determined as a result of a bargaining process between an aid organization and a local leader or village elite. What we then expect is that the stiffer the competition between aid donors the more attractive the exit opportunities for a local leader in the event of failure of the negotiation, and the higher the rent (say, under the form of explicit allowances) he will be able to extract from the donor agency. On the other hand, when analyzing aid embezzlement, one has to consider that an information gap exists between the donor and the local leader. The leader's fraud can be detected with a probability that increases with the size of the fraud and, in the event of fraud detection, the leader is punished by the donor (through withdrawal of the subsequent tranche of aid money in a multi-period framework, or through imposition of a fine in a one-period setup). Under such conditions, it can be shown that the leader will capture a positive share of the aid resources at equilibrium, and his share increases with the extent of donor competition. At least, this is true if the leader attaches more weight to his own well-being than to that of the other community members, or if his accountability to the latter is limited. If local leaders are benevolent −a possibility suggested by Rao and Ibanez (2001)−, the problem of elite capture obviously disappears.

5. The positive effects of community participation on project outcomes: a conditional result

A central question when dealing with the participatory approach to development is the impact of participation of beneficiaries in project decisions on the effectiveness of outcomes achieved. The common assumption is that a greater community participation should promote projects and assets (both private and public) that are more responsive to the needs of the poor, better adapted to local expertise and know-how, and more properly maintained. Community participation is expected not only to improve the circulation of information, either in the bottom-up (e.g., about the preferences and technical knowledge of local people), or in the top-down manner (e.g., about the external opportunities available), but also to enhance the bargaining power of the beneficiaries by getting them involved in project initiatives and decisions at all relevant levels (design, planning, mobilization of resources, etc). This is the so-called 'ownership' aspect of participation.

Serious methodological problems need to be overcome in order to assess correctly the impact of community participation on project outcomes. In addition to measurement problems related both to independent (how to build adequate indicators of participation) and dependent (outcome) variables, tricky endogeneity problems must be confronted. A first source of endogeneity lies in reverse causation: better projects may lead to greater participation at the same time as greater participation may yield better projects. A second source arises from missing variables: project outcomes and participation may be jointly determined by an exogenous factor (Isham and Narayan 1995). Due to all these difficulties, there are only a few reliable empirical studies to document the effects of participation on project effectiveness (for a recent survey of the whole literature, see Pozzoni and Kumar 2005). An experimental approach using treatment and control groups is, however, increasingly followed by economists with a view to rigorously isolating the causal effect of participatory development on project outcomes (see, e.g., Olken, 2005; Björkman and Svensson, 2006).

Among those few studies are those of Isham and Kähkönen (2002a, 2002b) devoted to water supply projects in Indonesia, India and Sri Lanka. The authors reach the conclusion that 'design participation' and people's involvement in project decisions are significant predictors of community satisfaction with service design, thus confirming the results obtained by Travis Katz and Jennifer Sara (1997) on the basis of a broader set of countries.[7] Also, household participation led to different technology choices and levels of service, while project outcomes were positively influenced by user contributions to monitoring activities (for construction as well as operation and maintenance tasks). Contrasting with these findings are those attained by Hoddinott et al. (2001) who studied the effects of participation in public work programs in the Western Cape Province in South Africa. Their results indicate that participation has no effect whatsoever on any of the (employment) outcome variables that they have considered.

The work of Asim Ijaz Khwaja (2003, 2004) deserves special mention because it underlines the need to take project characteristics (in addition to community characteristics) into account while assessing the impact of participation on project outcomes. Based on primary data collected for 132 infrastructural projects funded by the Agha Khan Rural Support Program (AKRSP) in Northern Pakistan, the study uses the current state of project maintenance as the main outcome measure. For participation, the measure chosen is the fraction of five randomly selected respondents in each community who responded that their household had participated in a particular project decision. This information was collected for several key decisions made from the inception of a project to its operation. Clearly, some of these decisions (e.g., the decision regarding the type of project to choose, how to use and manage it) require a good deal of local information yet do not involve much technical/engineering input. In contrast, decisions such as selecting a particular site for the project, its scale and design are likely to have the opposite characteristics.

The (econometric) results obtained by Khwaja appear to be quite robust. Whether participation levels are considered separately for each type of decision or are averaged in

[7] On the other hand, Katz and Sara found that in numerous cases little effort was made to involve households in decision mechanisms, and the benefits of water projects were appropriated by local leaders.

non-technical and technical decisions, they consistently show that greater community participation in non-technical decisions is associated with higher project outcomes whereas in technical decisions it actually leads to worse project outcomes. In conclusion, participation may not always be desirable, and it would be wrong to place too large a burden on community participation because its limitations are ignored (Khwaja 2004: 436).

There are actually plenty of examples showing that technical choices favoured by villagers may be mistaken owing to a lack of knowledge about general conditions in which a project takes place. For example, there are common problems with local priorities for network infrastructure services that depend on the reliability of activities further up the chain. A rural community may thus identify as their top priority the rehabilitation of an irrigation canal or an agricultural access road, but if the main irrigation channel that feeds the local canal or the main highway to primary markets is in disrepair (and other actors are responsible for the higher level service), the community may be building a useless irrigation canal or a road to nowhere. In addition to the knowledge problem, some local services have spillover benefits, and higher level rules on such services or conditional transfers to meet these needs are perfectly legitimate. To take another example, community participation might identify health services as the top priority, but the replacement of a contaminated water supply that citizens are unaware of (because water is plentiful and it tastes fine) could be a more important factor in promoting improved community health than a new health centre.[8]

Let us return to Khwaja's study in order to consider the impact of community characteristics. His conclusion in this respect is that socially heterogeneous communities have lower project outcomes than more homogenous ones, at least over a certain range (see

[8] Thanks are due to Paul Smoke for suggesting these examples to me.

also, e.g., Molinas 1998; La Ferrara 2002; Bardhan and Dayton-Johnson forthcoming).[9] The latter finding is not always obtained, however. Thus, from the work of Somanathan *et al.* (forthcoming) on Indian forestry, we learn that communities that are more heterogeneous in terms of caste composition do not have lower outcomes in matters of pine forest conservation. Mosse (1997), who has studied water tanks in South India, has observed that development projects are not necessarily better managed in traditionally cohesive or rather egalitarian village communities. In some areas, at least, tanks seem to be managed more effectively when there exists a strong caste authority that creates order and discipline among users, in particular, when it comes to mobilizing individual and communal labour. Moreover, motives and constraints considerably differ if collective action concerns a public good that carries special meaning in the context of local culture (and even productive physical assets, such as irrigation tanks, can be the repositories of symbolic resources), or if it is a development project based on imported concepts such as equality, democracy, and efficiency (see also Laurent 1998; Platteau and Abraham 2002).

In some important instances, the relevant meaning of heterogeneity may be the fact, largely overlooked in the economic literature, that an individual forms part of several communities, not all of which have a clear geographical location (Conning and Kevane 2002: 381; Lund 2006: 693-95). In the presence of multiple communities and multiple, possibly conflicting identities, it is difficult to say *a priori* whether heterogeneity is a good or a bad thing for local cooperation. The circumstances surrounding participation must be spelled out in detail before one can figure out the plausible effects of heterogeneity. For example, if the leaders of a village community belong to networks of relations outside the village, their position may either strengthen or undermine collective action and (democratic) participation at the level of the residential community depending on the

[9] Khwaja also found that community managed projects are better maintained than projects managed by the local government.

nature of the external networks (e.g., do they include 'development brokers'?), the manner in which they are mobilized by the leaders for development projects, the extent to which they serve as exit opportunities for them, etc.

In short, the concept of community must be viewed as a deeply contextual and endogenous construct, rather than as a fixed datum onto which participation mechanisms can be readily grafted. Furthermore, the influence of heterogeneity on project outcomes cannot be stated in any general manner, because heterogeneity may exist along many different dimensions and its impact is likely to vary according to the historical, social and political environment (Baland and Platteau 2003; Mansuri and Rao 2004).

6. Conclusion

This chapter has been aimed at tempering, not defeating, the enthusiasm of the advocates of participatory development. To encourage participation of the intended beneficiaries of pro-poor development is undoubtedly a commendable objective that deserves to be striven for. What we have argued is that measurement of the impact of participation on development project outcomes is methodologically complex, and, at this stage, there are still few conclusive statements that can be made about the importance and the *modus operandi* of this impact. None the less, we hope to have succeeded in convincing the reader that there is no such thing as a one-size-fits-all approach to participatory development. In fact, a proper participation design needs to be based on rather detailed knowledge of the characteristics of the targeted communities and the environment in which they live. The discussion has drawn attention to the critical role of heterogeneity which varies from place to place along several dimensions (social differentiation, political domination, ethnic fragmentation).

When heterogeneity reflects deeply entrenched power hierarchies, there is a considerable risk that the local elite will distort information in a strategic manner and opportunistically capture a substantial portion of the benefits of external assistance. The problem in many poor countries, such as those of Sub-Saharan Africa, is that inequalities, particularly power asymmetries, are often embedded into strong local patriarchies that are not easily called into question. It is, therefore, not surprising that these countries show considerable proneness to elite capture −whether in the hands of local leaders, or in those of development brokers operating from higher up the patronage network− as well as a great readiness on the part of the commoners to accept and even legitimate the unequal apportioning of externally provided resources. In contrast, participatory projects appear to be comparatively effective in areas where economic development is more advanced and more widespread, and where social movements aimed at countering inequalities and oppression have a rather long history. This indicates that characteristics of the institutional environment matter a lot as a support for decentralized development (Finsterbusch and Van Wincklin 1989; Bardhan and Mookherjee 2006: Chap. 1).

Clearly, therefore, participatory approaches to development, such as the World Bank's Community-Based or -Driven Development approaches (CBD and CDD), are no magical medicines susceptible of curing all the ills attributed to the (previously) existing centralized mode of governance. In the end, the following dilemma cannot be avoided: the areas where inequalities are the highest and the most entrenched, and where one would like to implement participatory approaches in order to correct them, are also those where these approaches are least likely to succeed.[10] Other kinds of interventions are then needed to complement and support community-based development. Among those

[10] This conclusion is close to that reached by Mansuri and Rao (2004) for whom the formation of homogenous communities, such as are needed for ensuring effective participation, is much less likely in contexts where mobility is low making communities more likely to be characterized by deeply entrenched power hierachies. Unfortunately, this is where poverty programs are most needed.

complementary measures, employment-creation schemes directed to the poor should figure out prominently since they may be expected not only to increase their incomes but also to enhance their bargaining strength by helping them to wean themselves off the dependence of local patrons. The fact that, so far, top priority has been given to social sector expenditures under most decentralized development initiatives must therefore be a cause of concern.

Another dilemma that may arise in the context of participatory development projects is the following: greedy village elites may happen to simultaneously capture aid benefits and supply effective leadership for the management of local projects. In this case, the poor may eventually draw benefits from aid interventions even though there is unequal sharing of the externally provided resources. There then exists a trade-off between the objective of poverty alleviation and considerations of equity and social justice to which Western donors typically attach great importance. If priority is given to breaking structural inequalities in social relations and to helping subject people to emancipate themselves from a culture of domination and poverty, mechanisms of collective empowerment (starting with learning to work together, to debate, to make decisions, to keep records, and to implement development projects) and individual advancement (say, through self-employment) must receive primary attention.

Lastly, a long-term horizon is absolutely necessary. Impatience with results and poor designing of the components of participatory programmes −such as moving too rapidly in a way that confronts upfront those who risk losing power and influence, or that overwhelms the capacities of those who gain power−, are highly likely to produce perverse effects and to cause disillusionment on the part of both the external agencies and the beneficiary groups or communities.

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